

## Zions Bank "Lights on Ceremony"



by **LaRee O. Pedro**

Heber City Zions First National Bank employees Zenda Wall, Susan Wootton, and Shauna VanWagoner presented a check to the North School Kindergarten On Dec. 16, in the amount of \$.25 for each ornament placed on the school's Christmas tree. Two hundred eighty one ornaments were credited to the children and Vicki Todd accepted the

check in behalf of the school.

The Kindergarten students participated in Zions Bank "Lights On Ceremony" project involving children of more than 80 elementary schools throughout Utah.

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"Zions Bank provided the Christmas tree for the school, and the students made homemade decorations and decorated the tree.

Parents and teachers were invited to take part also. Zions Bank enjoys this involvement with the elementary schools and looks forward to it each year," said Susan Wootton.

During the ceremony, the students sang Christmas Carols and enjoyed refreshments. The school is now able to use the money for anything they choose.

Pictured Left to right, Zenda Wall, Susan Wootton, Vicki Todd, and Shauna Van Wagoner.



# Another Wave of Refinancing

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As home mortgage rates begin to dip again, more people are considering refinancing their old mortgages.

There is more to consider than just a low interest rate, according to Dr. Leona Hawks, Extension Housing specialist in the Utah State University College of Family Life. The best time to refinance depends on the interest rate difference between your existing mortgage rate and the potential new rate, closing costs, how long you plan to live in the house and your tax bracket.

Hawks said, as a rule of thumb you should seriously consider refinancing if you are currently paying two percentage points or more above the lowest rate available for a similar mortgage, Hawks says. For instance, if you are paying 12 percent on a \$60,000 30-year mortgage, your monthly payment runs about \$617. By refinancing the same mortgage at 10 percent, your payment would be about \$526 - a \$91 savings per month. Property tax rates and insurance cost will remain constant.

You might be thinking, "Why not refinance even if you could save only \$45 per month?" Hawks says there are other costs associated with refinancing. The two percent rule of thumb is designed to help recoup the added costs of refinancing in two to three years of reduced mortgage payments. So, if you plan to live in the house for a longer time, you might consider refinancing for reductions even smaller than two percent. Conversely, if you have a

mortgage with "prepayment penalties" you may want to wait for a difference larger than two percentage points.

So for your particular situation, she says you should first contact the lending institution and find out how much closing costs will be. It may vary between lending institutions. This usually includes loan origination fees, application fee, title insurance, appraisal, credit report, document preparation and misc. legal fees. This could come to \$2,000 or more. With this information, you then need to calculate how many months of lowered mortgage payments it will take to recoup your closing costs. If the lending institution is the same one where you have your mortgage, ask if they will reduce the closing costs -- something called "streamlining."

Hawks says there are also three tax considerations:

- Paying a lower interest rate on your mortgage means you will have less interest to deduct at tax time. That in turn increases your tax obligation and thus reduces the total savings from refinancing. The lower your tax bracket, the longer it may take you to recoup

the cost of refinancing.

- Discount points and loan origination fees usually are immediately tax deductible. However, when refinancing, the IRS does not allow points paid to be deducted all at once during the year you refinance. They must be spread over the entire term of the mortgage.

- The 1986 Tax Reform Act may also affect your refinancing deci-

sion. Mortgage interest and points remain deductible, but refinancing may put you in a higher tax bracket. This may make shorter term mortgages such as a 15 year mortgage more desirable, especially to homeowners in the tax bracket of 33 percent or above.

Hawks says you have to be ready to act quickly when you think interest rates have bottomed out, but you should not refinance without looking at all the costs and implications first.